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Prospects for the Group of Eight [redacted] 25X1

Summary

Latin America's Group of Eight[1]--the most recent regional effort to promote Latin unity--is quickly gaining international attention and acceptance as a voice for Latin policy views. In the short term, the Group hopes to take steps to foster economic integration in the region, to strengthen Inter-American institutions like the OAS, and to diversify Latin political and economic ties to developed nations and to other regional groups. The Group is also grappling with developing programs to cope with nontraditional security threats such as illegal narcotics trafficking. [redacted] 25X1

In our view, the Group of Eight has several characteristics that make it a more serious effort than past Latin regional undertakings. Member presidents have disavowed a confrontational approach toward US-Latin issues and forsworn stale Third World rhetoric. Group members, in large part centrist and democratic in orientation, have no intention of incorporating

[1] The Group of Eight is an offshoot of the efforts of the Contadora countries--Colombia, Mexico, Panama, and Venezuela--and the Contadora Support Group--Argentina, Brazil, Peru, and Uruguay--to bring peace to Central America. The same eight countries constitute the Group's membership, although Panama was suspended in February 1988. [redacted] 25X1

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extremist, ideological governments like Cuba and Nicaragua whose inclusion would be internally divisive and probably would discourage the developed countries from engaging in serious dialogue. Although the Group's highest priority issue--debt--places it at odds with the United States, issues like the promotion of democracy and human rights are also high on its agenda.

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The Group is still in the early stages of defining its structure and role, however, and serious differences still exist between members ranging from organizational questions to substantive policy positions. Despite these problems, we believe the Group of Eight has the potential to become an important vehicle for unity and regional integration. The ultimate success of the Group as a legitimate and authoritative channel for brokering Latin policy perspectives with international players, however, will hinge on how the United States approaches its formation and reacts to its proposals.

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Genesis and Objectives of the Group

The Group of Eight--formally called the Permanent Mechanism for Latin American Political Consultation and Cooperation--was launched in late 1986 as an effort to broaden political dialogue among Latin nations and diversify Latin ties to other industrialized countries and regional groups. From the beginning, however, it was driven largely by Latin frustrations over the perception that the crisis in Central America introduced the East-West contest into the region and diverted US attention away from the pressing social, political, and economic challenges facing many Latin countries. Latin leaders saw a need, therefore, for a concerted drive to shift Washington's focus toward strengthening Inter-American institutions, accelerating development, promoting economic and political integration, and institutionalizing democracy. Over the longer term, the Group's agenda emphasizes exploring new cooperative schemes to cope with debt, while also attending such questions as narcotics trafficking.

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Several characteristics of the Group of Eight set it apart from other efforts at Latin regional cooperation, such as the Latin American Economic System (SELA), and, in our view, make it a more viable effort.

-- For the most part, the Group members are centrist and democratic--an image it does not intend to jeopardize by incorporating extremist, ideological governments--particularly the Cubans and Nicaraguans--whose

participation would be internally divisive and would discourage moderate foreign interlocutors.

-- The Group has conscientiously avoided creating an anti-US image for itself. Although its highest priority issue--debt--places it at odds with Washington, issues such as the promotion of democracy and human rights and the antinarcotics fight are also high on its agenda. Instead, group members, acknowledging US economic influence, are attempting to enlarge the dialogue with Washington, hoping to reorient US priorities in the region.

We believe Group of Eight founders perceive that Latin America as a whole is a relatively low priority for the United States as well as almost every other industrialized country and regional grouping. They see their task as unifying, and persuading the international community that they represent a valuable partner from a trade, investment, or political perspective.

Progress and Directions to Date

We believe the organizational design envisioned and the code of conduct the Group has enforced so far will make it more effective than prior Latin unity efforts. The Eight do not intend to compete with or replace existing regional bodies--like the Latin American Integration Association--that already have implementing bureaucracies. Rather, they seek legitimacy as an authoritative group, along the lines of the industrialized countries' "Big Seven," functioning at the presidential or foreign minister level, while retaining an informality and flexibility lacking in more institutionalized forums. Decisions are consensual, so that radical views are effectively buried. Any one member apparently can veto Group action--an arrangement that may hinder decisionmaking but generally will promote compromise and moderation.

The Presidents recognize that success of their mechanism depends to a large degree on their personal chemistry. At their first summit, held in Mexico in late November 1987, many noted they were pleased simply to have met to discuss their own agenda and not at the behest of the United States or an international organization. They were able to air and hear views on a range of economic issues, while also discussing regional security, strengthening the OAS, narcotics trafficking and terrorism, and Central America. They enjoyed the exercise, underlining their status as equal peers by acclaiming the President of tiny Uruguay for his leadership role and announcing that Uruguay would host the 1988 summit. Group members forcefully made their most important point--that problems of debt and development are undermining democracy--without shrill rhetoric aimed at developed countries or international banks and financial institutions.

Since the November Summit the Group, despite the Panama situation, has pushed ahead toward developing concrete initiatives--particularly in the economic realm--and gaining international respectability. They focused a two day ministerial meeting last month in Mexico on economic integration, technical and industrial projects, and cultural agreements, enlisting representatives from several regional organizations--the Latin American Integration Association (ALADI), the Latin America Economic System (SELA), the Economic Congress on Latin America and the Caribbean (ECLAC), and the Inter-American Development Bank (IDB)--to participate. The foreign ministers also discussed contentious issues such as readmitting Panama, reacting to the coup in Haiti, and admitting Ecuador as a member, taking pains not to allow them to create any rifts. 25X1

We believe the Group will want to concentrate on economic issues at the next summit, scheduled for late October in Uruguay, but also to elaborate on other subjects under review. We believe the Presidents now feel a need to move beyond the discussion of goals and, relying on the work done at the ministerial meeting, announce some sound, attractive proposals that Latin nations can act on. Press reports suggest initiatives are most likely in the areas of industrial coproduction schemes, technology transfer and intra-regional trade. The Latins also may begin to brainstorm on issues like illicit drug trafficking and terrorism as dangers to democracy and political stability. Although they continue to argue that drug-consuming countries need to take more aggressive action to stymie demand, Latin leaders increasingly recognize the threat posed by the narcotics industry to their own societies. Group of Eight sponsorship could lead to a more serious regional counternarcotics effort. 25X1

The Group of Eight is making measurable progress on its other major front--gaining international credibility. As they did last year, the foreign ministers apparently will meet with their European Community counterparts at the UN in September; the two appear close to institutionalizing annual discussions on debt and trade. The Eight are pursuing similar meetings with the Arab nations, Japan, the Organization of African Unity (OAU), the southeast Asian bloc (ASEAN), and the Nordic Council. Earlier this year the foreign ministers held discussions with Canadian officials in Montreal, where they presented their views on the relationship between debt and democracy in advance of the Toronto Summit. Although several member countries were anxious to hold similar meetings with Secretary Shultz, we believe the Group may now try to establish working relationships with other nations and groupings before seeking the added legitimacy that talks with Washington would confer. 25X1

Stumbling Blocks to Further Consolidation

The Group of Eight is still defining itself in terms of structure, guiding principles, and longterm role. US Embassy reporting from the region indicates that substantial differences of opinion exist--even on fundamentals such as how meetings are

called. Several members, for example, hastily called for a meeting in early June to discuss with Panama a US proposal for Latin mediation. Brazil refused to attend, presumably because it felt such a role would constitute intervention in Panama's affairs and that a sudden meeting would contravene the bedrock objective--to break the habit of reflexively responding to US initiatives. In another case, at the first summit last November Panama broke two important Group principles--not to introduce bilateral conflicts and not to single out the United States for criticism--and the temptation will remain strong for others to do the same as bilateral disputes with the US inevitably arise.

Significant policy differences on specific issues remain a major hurdle. Following the Acapulco summit, for example, Colombia--which strongly opposed the more radical positions of other countries on debt policy at the summit--issued a communique designed to reassure creditors that Bogota is a constructive, moderating influence on the other countries. Such internal policy disputes will become hard to handle if the Group reaches the point of issuing specific recommendations for policy action or moves to implement steps toward political and economic integration. An additional challenge to Group unity is the possibility--perhaps likelihood--that competing subgroups will emerge or that one or two countries will be consistently isolated. The efforts by foreign ministers from Venezuela, Argentina, Brazil, and Uruguay to coordinate a position on readmitting Panama to the Group before the June ministerial in Oaxaca suggest these trends may already be developing.

Panama continues to pose an organizational and image problem for the Group. In our view, the suspension of Panama following Noriega's ouster of President Delvalle gave several countries--Uruguay, Argentina, and Venezuela in particular--the opportunity to demonstrate their claims to US officials that the Group was insistently democratic and would not reflexively oppose US policy in the region. Perhaps more important, the action showed the Group is not likely to be dominated by Mexico and Peru. Nonetheless, some members, including Mexico, Peru, and apparently Brazil, believe Panama's suspension amounted to intervention and they are sympathetic to reintegrating Panama.

The issue of admitting new members is also likely to be divisive. Both Bolivian President Paz Estenssoro and President-elect Borja of Ecuador have requested membership.

If they open the door to Ecuador and Bolivia based on their democratic credentials the Group would have to include Central American and English-speaking Caribbean countries. Most argue that the success of the Group hinges heavily on its informal structure and personal chemistry which such expansion could poison. On the other hand, others note that refusing to expand risks alienating fellow Latin leaders and opening the Group to charges of wanting to dominate regional affairs.

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Leadership transitions also are likely to slow the Group's progress. Mexican President de la Madrid, Venezuelan President Lusinchi, and possibly Argentine President Alfonsin will be out of office before the anticipated 1989 summit. Within two years all eight countries are likely to hold presidential elections. Firebrand populists like presidential candidates Carlos Andres Perez in Venezuela, Carlos Menem in Argentina, Leonel Brizola in Brazil, or Alfonso Barrantes--a Marxist--in Peru could break the guidelines of decorum that, in our view, make the Group effective.

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Outlook and Implications for the United States

As a Latin American unity movement, the Group of Eight holds promise, its progress so far reflecting growing realism among regional leaders. They recognize that their serious domestic economic and political challenges require innovative, well considered policy action in lieu of stale Third World rhetoric. These leaders increasingly recognize their own accountability at home for solving those problems, and the Group is likely to become an important intraregional mechanism for coping with them. They also know they will require foreign assistance--a need dictating cooperative, not confrontational foreign relationships. This attitude underscores their seriousness about seeking Latin American unity and altering the style and substance of relations with the developed world. The presidents' direct involvement, personal rapport, and sensitivity to pitfalls will help the Group bid for recognition as a prestigious interlocutor for Latin American interests over the next few years. Ultimately, however, legitimacy and success of the Group in the international realm will depend on how the United States approaches its consolidation and reacts to its proposals.

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We see opportunities for the United States in engaging the Group and rewarding its emphasis on a mature, serious exchange of views. In particular, such a dialogue could open the way for better cooperation on defending democracy, promoting human rights, and blunting the growth of the narcotics industry--areas where the Group's and Washington's goals coincide. The Group of Eight mechanism could provide a high-level channel for Washington to forcefully express its views and press for such cooperation, while whittling away Latin foreign policy tenets like nonintervention and self determination that limit cooperation. Reinforcing Group ground rules could also help dampen anti-US rhetoric from leaders like Peruvian President Garcia who have not pursued a serious dialogue at the bilateral level. Engaging the Group early on and reinforcing its nonconfrontational approach would help set a tone for Group-US interaction before new Latin leaders are elected and become members. Moreover, the Group--which may eventually push to reintegrate Cuba into the OAS--offers the US a major, new channel for dialogue that excludes Cuba, as well as Nicaragua.

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On the other hand, refusal by Washington to an eventual Group of Eight bid for serious talks would cause a backlash in

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Latin America, damaging US relations with the region, particularly if, as we expect, it becomes accepted both within the region and internationally as a credible representative of mainstream Latin thinking. By ignoring it, the US would foster Latin perceptions that Washington views the region from only an East-West perspective and is cynical about economic development and democracy in the region.

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